

*HYATT HOTELS CORPORATION  
POLICY MANUAL*

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SUBJECT: Reduction in Staff                      LAST REVISED: December 1999  
          The Business Process Review

POLICY: 114

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**114 – Reduction in Staff: The Business Process Review**

- I. A reduction in staff may be caused by:
  - A. A permanent elimination of a position or positions due to reorganization and or the closing or sale of the business.
  - B. A layoff, otherwise referred to as a temporary elimination of a position or positions with the intent to recall or reinstate the position within a short period of time, usually within ninety (90) days.
- II. In the event of the permanent elimination of a position or positions, the General Manager and Director of Human Resources are required to complete the "Business Process Review."
- III. The Business Process Review is a two-step process designed as a pre-analysis to ensure a well thought out reorganizational strategy. Steps of the Business Process Review include completing the form called Business Process Review Redesign Pre-Analysis, (see forms section), which includes the following details:
  1. Process Redesign Overview and Objectives
  2. Organizational Changes
  3. Cost/Benefit Analysis
  4. Training Needs and Plans
  5. Communication Approach
  6. Approval

The second step is to complete the form called Business Process Review Employee Data Sheet, (see forms section). This form details employee information in terms of employment history, current pay and benefit information and skills assessment.

- IV. The Business Process Review is a mandatory first step in the event of a permanent elimination of any position or positions and must be approved by the Divisional Director of Human Resources, Divisional Vice President, Corporate Human Resources and Corporate Legal prior to implementation.



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- V.     The Business Process Review is privileged and confidential information and should be treated in a sensitive and appropriate manner.
- VI.    In the event of a layoff, first determine the status of the effected employee(s) in terms of their classifications, union or non-union.
- VII.   When laying off a union employee, layoffs shall be made according to the terms and conditions as specified in the collective bargaining agreement (CBA). Several sections as detailed below would also apply to union employees.
- VIII.   When laying off non-union employees, the following procedures should be followed:
  - A.     Layoffs shall be made in the following order:
    - 1.     Temporary Employees.
    - 2.     Part-Time Employees.
    - 3.     In order of least time in service within a job classification within a department. (Note: Some hotels base seniority on a classification within a shift. If this is the case, layoffs should be made in order of least time in service within a shift.)
    - 4.     Each employee that is laid off should be spoken to individually. The General Manager and Director of Human Resources should handle all management layoffs.
- IX.    The following must be discussed in the separation interview:
  - A.     The reason for layoff.
  - B.     The employee's expected last day of work (Managerial/administrative personnel should be given two weeks notice or pay in lieu of notice.)
  - C.     The expected length of the layoff.
  - D.     The proper procedure for recall.
  - E.     How and where to apply for unemployment insurance.
  - F.     An explanation of how benefits will be affected. Note: Laid off union employees should receive the relevant information required by their contract.

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- G.    For extended layoffs, earned and "payable" accrued vacation is to be paid out according to state law, union contract, or the non-union benefits vacation policy. (See Vacation Policy)
- X.    For management employees:
  - A.    Accumulated compensatory time must be paid to any eligible manager.
  - B.    A list of management layoffs should be sent to the Corporate Director of Staffing for possible placement at other hotels.
- XI.   A list of laid off employee should be sent to our third party unemployment company, Gales McDonald or Crawford & Company. See Policy 118 - Unemployment Compensation.
- XII.   References for laid off employees should be routed to the Human Resources Department. The Human Resources Director should verify name, dates of employment, position held and the reason for layoff as economic. No letters of reference should be written.
- XIII.   When the layoff of a non-union employee has exceeded 90 days, the employee should be notified in writing that his/her employment status has terminated. The employee is eligible to elect distributions from the retirement plan.
- XIV.   Recalls shall be made in the reverse order of the layoffs. Employees who fail to return to work within five (5) days after receiving a recall notice (phone call followed by a certified letter) shall be considered to have a voluntary quit.
- XV.   Based on the level of business activity, circumstances may arise that require the involuntary separation of an employee, including an employee with a satisfactory work record.
- XVI.   The Worker's Adjustment and Retraining Act (WARN) requires that employers with 100 or more employee (excluding part-time) give sixty (60) days advanced notice of "plant closings" and "mass layoffs" or severance pay in lieu of notice. Failure to comply means that a liability would be created where employees would be entitled to backpay and benefits for as many as sixty days.
  - A.    "Plant closing" means a sit shut-down where 50 or more full-time employees lost their employment for at least thirty days.

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- B.     "Mass layoff" is a reduction in force which:
1.     Results in loss of employment for 33% of employees for thirty days or more and affects at least 50 employees.
  2.     Affects at least 500 employees.
- C.     "Loss of Employment" means:
1.     Any termination which is not for cause nor a voluntary departure nor a retirement.
  2.     A layoff exceeding six (6) months.
  3.     A reduction in work hours of any employee of more than fifty percent (50%) during each month of any six (6) month period.
- D.     "Part-time employee" means:
1.     Any person who averages twenty hours per week.
  2.     Any person has been employed for fewer than six (6) months of the twelve months proceeding the date on which notice would be due.

XVII. In addition to the above, the Director of Human Resources should check local laws concerning state law requirements for either a lay-off or closing. State requirements may vary from the federal law summarized above and must be complied with when applicable.